

Message Text

UNCLASSIFIED POSS DUPE

PAGE 01 BOGOTA 00112 071827Z

43

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 H-03 DODE-00 PA-04 USIA-15

PRS-01 IGA-02 DRC-01 AGR-20 /146 W

----- 035058

R 042318Z JAN 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 781

INFO USDOC WASHDC

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

AMCONSULATE CALI

AMCONSULATE MEDELLIN

UNCLAS BOGOTA 0112

E.O. 11652: N/A

TAGS: EGEN, CO

SUBJ: GOC ISSUES DECREE CONTAINING COLOMBIAN EXCEPTIONS TO AN-
DEAN PACT INVESTMENT CODE

1. SUMMARY. ON DEC. 28, MINISTRY DEVELOPMENT ISSUED DECREE NO. 2719 DEFINING COLOMBIAN EXCEPTIONS TO IMPLEMENTATION IN COLOMBIA OF ANDEAN INVESTMENT CODE. WILL BE RECALLED THAT POSSIBILITY FOR EXCEPTIONS WAS CONFERRED BY ARTICLE 44, DECISION 24, OF CARTAGENA COMMISSION AND THAT COLOMBIAN LAW 8 OF 1973, BY WHICH COLOMBIAN CONGRESS RATIFIED AGREEMENT OF CARTAGENA, ALSO GAVE PRESIDENT EXTRAORDINARY FACULTIES UNTIL DEC. 31, 1973, TO DECREE MANNER IN WHICH DECISIONS 24, 37 AND 37-A WOULD BE EFFECTED IN COLOMBIA. PENDING FULL INTERPRETATION OF NEW DECREE BY COMPETENT COLOMBIAN AUTHORITIES, FOREIGN INVESTOR WILL STILL NOT ENJOY FULLY CLEAR PICTURE OF CONDITIONS UNDER WHICH THEY CAN INVEST IN COLOMBIA. KEY ARTICLES OF NEW DECREE FOLLOW.
END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BOGOTA 00112 071827Z

2. ARTICLE ONE. COMMERCIAL BANKS AND OTHER FOREIGN FINANCIAL INSTITUTIONS OUTSIDE THE INSURANCE AREA, WILL NOT BE SUBJECT

TO ARTICLE 42, CHAPTER III, DECREE-LAW 1900/1973. NEW DIRECT FOREIGN INVESTMENT CAN THUS BE MADE IN COMMERCIAL BANKS AND OTHER FINANCIAL INSTITUTIONS UNDER CONDITIONS ESTABLISHED BY THE NATIONAL GOVERNMENT. (DECREE-LAW 1900 PUT DECISIONS 24, 37 AND 37-A GENERALLY INTO EFFECT).

3. ARTICLE TWO. ARTICLE 43, CHAPTER III, DECREE-LAW 1900 WILL NOT BE APPLIED TO FIRMS DEDICATED TO INTERNAL COMMERCE. NEW DIRECT FOREIGN INVESTMENT WILL BE PERMITTED IN THESE FIRMS UNDER CONDITIONS ESTABLISHED BY THE NATIONAL GOVERNMENT.

4. ARTICLE THREE. THE NATIONAL COUNCIL OF ECONOMIC AND SOCIAL POLICY WILL BE EMPOWERED TO ACCORD DIFFERENT TREATMENT TO FOREIGN FIRMS IN THE SECTOR OF BASIC PRODUCTS THAN THE TREATMENT FORESEEN IN ARTICLE 37, CHAPTER II, DECREE -LAW 1900, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 40 OF THE SAME DECREE-LAW.

5. ARTICLE FOUR. THE NATIONAL GOVERNMENT WILL ADOPT THE NECESSARY MEANS FOR THE APPLICATIONS AND EXECUTION OF THE ORDERS IN THE PRESENT DECREE.

6. COMMENT: EXEGESIS OF DECREE 2719, OF WHICH WE HAVE PROVIDED ABOVE ONLY AN INFORMAL ENGLISH TRANSLATION OF KEY ARTICLES, WILL PROBABLY BE EXTREMELY DIFFICULT. LEGAL EXPERTS CONSULTED BY EMBASSY SO FAR SEE DECREE AS LIBERAL FOR FOREIGN BANKS, QUOTE COMMERCIAL UNQUOTE ENTERPRISES SUCH AS SEARS, AND POSSIBLY CERTAIN EXTRACTIVE INDUSTRIES. BUTY THEY ASSUME FULL FORCE OF DECISION 24 APPLIES WITH REGARD TO RESTRICTIONS ON LOCAL BORROWING BY FIRMS NOT INTENDING TO FADE OUT. SIMILARLY, NEW FOREIGN INVESTORS IN MANUFACTURING IN COLOMBIA WILL IN MOST INSTANCES PRESUMABLY HAVE TO FADE OUT REGARDLESS OF WHETHER OR NOT THEY TAKE ADVANTAGE OF ANDEAN PACT TARIFF PREFERENCES. POUCHING FULL TEXT DECREE 2719. WILL FURNISH ADDITIONAL ANALYSIS AS DEVELOPED.
WHITE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INVESTMENT LAW, FOREIGN INVESTMENT CONTROLS, COMMERCIAL BANKS, INVESTMENT OPPORTUNITIES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BOGOTA00112
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740163/aaaacgzq.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2002 by davisw>; APPROVED <19-Nov-2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOC ISSUES DECREE CONTAINING COLOMBIAN EXCEPTIONS TO AN- DEAN PACT INVESTMENT CODE
TAGS: EGEN, CO, ANCOM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005